

## Message Text

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PAGE 01 VANCOU 01104 050151Z POSS DUPE  
ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-02 INR-07  
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-15  
OES-07 SP-02 SS-15 STR-05 TRSE-00 ACDA-12 /120 W  
-----075008 051636Z /20

R 042130Z NOV 77  
FM AMCONSUL VANCOUVER  
TO SECSTATE WASHDC 3851  
INFO AMEMBASSY OTTAWA  
AMCONSUL CALGARY POUCH

UNCLAS VANCOUVER 1104

E.O. 11652: N/A  
TAGS: ENRG, CA  
SUBJECT: ENERGY: B.C. NATURAL GAS PRICE INCREASE

1. B. C. ENERGY MINISTER DAVIS ANNOUNCED OCTOBER 28 THAT NATURAL GAS FIELD PRICES WOULD BE INCREASED EFFECTIVE NOVEMBER 1 BY 18 CENTS PER MCF ON NEW PRODUCTION AND 13 CENTS PER MCF ON OLD PRODUCTION.
2. AS RESULT OF THESE FIELD PRICE INCREASES, THE COST OF NATURAL GAS DELIVERED TO PROVINCIAL DISTRIBUTION UTILITIES WILL RISE BY AN AVERAGE OF 21 CENTS PER MCF BUT IMPLEMENTATION WILL BE DELAYED UNTIL MARCH 1, 1978 TO MITIGATE THE EFFECT ON RESIDENTIAL, COMMERCIAL AND INDUSTRIAL CONSUMERS UNTIL THE WINTER HEATING SEASON IS OVER.
3. MINISTER DAVIS NOTED THAT INCREASE IN WHOLESALE PRICE WILL MEAN AN AVERAGE 10 PERCENT RISE FOR CONSUMERS, BUT THAT GAS WILL STILL REMAIN THE LOWEST-PRICED ENERGY AVAILABLE TO BRITISH COLUMBIAN AND CHEAPER THAN GAS RETAILED IN EASTERN CANADA AND NEIGHBORING U.S. AREAS.

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4. GOVERNMENT PRICE INCREASE ANNOUNCEMENT IS BASED ON B.C. ENERGY COMMISSION RECOMMENDATION FOLLOWING FROM PUBLIC HEARINGS LAST SUMMER. COPY OF REPORT WILL BE MAILED TO EUR/CAN (COPY ALREADY PROVIDED TO EMBASSY). GOVERNMENT ALSO ACCEPTED BCEC RECOMMENDATION THAT EXISTING GAS CREDIT SYSTEM BE SUSPENDED AS OF NOVEMBER 1. UNDER THIS SYSTEM, GAS PRODUCERS HAD THEIR PRICES TIED TO RE-INVESTMENT IN NEW EXPLORATION AND

DEVELOPMENT. DAVIS STATED "THE INDUSTRY IS RE-INVESTING ITS EARNINGS IN B.C. ANYWAY".

5. B.C. PRICE ACTION HAS NO REPEAT NO EFFECT ON THE PRICE OF EXPORT GAS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATURAL GAS, INDUSTRIAL PRODUCTION, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
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**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009